UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
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EDMOND GRANT, personally known as Eddy Grant, et al.,

Plaintiffs,

v. 20 Civ. 7103 (JGK)

DONALD J. TRUMP, et al.,

Defendants.

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New York, N.Y.
September 28, 2021
2:30 p.m.

Before:

HON. JOHN G. KOELTL,

District Judge

APPEARANCES

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(Case called)

THE COURT: All right. Grant v. trump, 20 CV 7103.

Parties, tell us who they are, first for the plaintiff.

MR. CAPLAN: Brian Caplan and Robert Clarida on behalf of the plaintiffs.

THE COURT: Good afternoon.

MR. CAPLAN: Good afternoon, your Honor.

THE COURT: On behalf of the defendants.

MR. SAUNDERS: Good afternoon, your Honor. Ken Caruso and I'm Darren Saunders.

THE COURT: I should point out that I know Mr. Caruso from years ago. Nothing about that affects anything I do in the case.

This is a motion to dismiss. I will listen to argument. I'm familiar with the papers. Please keep your voices up so that the court reporter can get everything down.

All right. Defense counsel.

MR. SAUNDERS: Your Honor, is it OK if I use the podium or speak from here?

THE COURT: It may be better if you use the podium. Make sure to speak into the microphone. If the reporter has any difficulty hearing, the reporter will let you know.

MR. SAUNDERS: OK. Thank you.

I understand that we need to keep our masks on, right?

THE COURT: Right.

MR. SAUNDERS: I'll do my best to speak up and be clear. Thank you, your Honor.

On this motion to dismiss, I would like to first begin very briefly with the background. I understand that the court is familiar with the facts and the case law.

THE COURT: I have watched the video, I've listened to the music, and I'm familiar with the papers.

MR. SAUNDERS: Excellent. Thank you, your Honor. I understand.

So by way of background, the subject animation was created by a third party unknown to the defendants. That's just background. It was unsolicited and it was posted on Twitter and then reposted by President Trump once on his Twitter account. It has long since been removed and never used again by the defendants.

Now, a brief one minute --

THE COURT: None of that really factors into the decision, does it?

The motion to dismiss is based on fair use. It's not based on innocent user or something like that. it's whether the use was "fair use," not based on a First Amendment defense that there was a First Amendment right to use this in the same way that, in some other cases, there is a right to First Amendment right to use information that's taken. If you come

across the information lawfully, the only issue before me on this motion is was this use fair use.

MR. SAUNDERS: Absolutely correct, your Honor.

I only pointed that out because I believe it touches on the fourth factor, the potential harm to the market for the original copyrighted work.

We can move on. I'm just pointing that out.

THE COURT: How can I describe those issues on a motion to dismiss rather than a motion for summary judgment.

What's the commercial harm?

We don't really know because the details of the market haven't been justifiably explored simply on the basis of the complaint.

So could the plaintiff, for example, have had a profitable use of the song by licensing it to other people, perhaps other people who wanted to use it for commercial ads? It was a widely used song, widely played song, recognizable tune, catchy tune. We don't know any of that. We don't know the market. We don't know how much the plaintiff could have made by licensing it either to the defendants or to other people. We don't know how the use by the defendants affected that market, very, very similar to the photograph in Warhol, and that was on a motion for summary judgment.

MR. SAUNDERS: Understood, your Honor.

But I do think there is some significant differences

here, and I agree with what the court has just said with respect to what we don't know. But certainly, as in Netflix, for example, as a recent example of the fair use defense decided on a motion to dismiss based only on the pleadings and a side-by-side comparison of the works. But here, the question is: Is it plausible that this one-time -- and that's why I mentioned a one-time Instagram post -- Twitter post -- is it plausible that a song that's been around for decades has really damaged or affected the market for the song, whether it is the primary market to sell it or the secondary market to license it.

And I think I would suggest -- this is much later, I'm certainly happy to address it now -- it is clear, and the Second Circuit has emphasized that in assessing market harm under the fourth factor of fair use, the question is not whether the second work would damage the market for the first, such as, for example, devaluing it through parody or criticism. The Second Circuit has said that it's not the question. But the question is whether it actually usurps the market for the first by offering a competing substitute.

So the point of the motion to dismiss here is that on the pleadings, we believe the court can take a look, and is it plausible that the animation, that the snippet of the song in the animation obscured by President Biden's voice, and otherwise could really be considered as an actual competing

alternative to the song.

THE COURT: But, correct me if I'm wrong, didn't the Second Circuit in Warhol analyze the factor by asking whether it undercut the possible market for licensing the photograph in that case?

In this case, the market would be to license the song to others. So another political campaign who wanted to use a catchy tune would think they could just take this tune and not pay the licensing fee for it.

MR. SAUNDERS: Certainly, your Honor. Understood.

But I would like to point out a fundamental distinction that I believe is significant between the Warhol case and the present case at bar. In the Warhol case, it was clear, first of all, that both parties' works were works of visual art. They were illustrations of the same person, and that they had the same, the Second Circuit found, the same overlapping customer base.

I think it is an important decision because here, we don't have that at all. Here, you know, we have a song that is musical entertainment, that's been around a long time. And we have an animation that used a very short portion of that song in, really, what was a criticism and satire of President Biden. And in Warhol, if I might suggest, I think it was very plausible, in my view from the Second Circuit opinion, that one might look at -- when a potential customer might truly choose

the Warhol instead of the Goldsmith. I mean, that is very plausible, I think that is what the Second Circuit found, because they were both visual works of art of the same person.

But here, what you have is very different factually, your Honor. Here, what you have is a complete song, and on the other side, you have an animated video with 17.5 percent of the song and then obscured. So in Warhol, I think a very important distinction, the works really competed with each other. I mean, they had the same potential audience and they were both -- because they were both works of visual art, one could say, yeah, I would like to buy the Warhol instead of the Goldsmith photo. But, again, here, you don't really have that distinction at all. It's very different.

THE COURT: I'm not sure that that was right in Warhol. I didn't think the markets for the primary work, the photograph versus the Warhol, were the same market. I thought that the court analyzed essentially the licensing of the Goldsmith photo for its use in a different work of art, the Warhol piece.

MR. SAUNDERS: Right.

THE COURT: It's not clear that the purchasers of the Goldsmith photo were the same market as the purchasers of the Warhol. It's the licensing which is the issue here.

But let me ask you another question. I would have thought that if you take the Goldsmith photo and transform it,

if you will, as Warhol did, and that was not transformative according to the Court of Appeals. It's sort of hard for me to see how, if you take a song and use the music and the lyrics of the song and you don't change them at all, you just list them. You don't take all of them. You take 17 percent of them to occupy a large portion of your video, but you just take them and you don't "transform" them in any way. You just take them and use them, how that use then could be described as transformative.

It's conceivably not parody. It's simply use for purposes of satirizing someone else. But how can you describe that use as transformative? You didn't transform it in any way. You simply listed it and used it. That seems very different from any sort of transformative use. It is not use for purposes of parody or commentary or criticism of the work itself. It is simply listing it without transforming it and without paying for it. It's like the language from Warhol, that if you're going to use something, it's just like paint, you've got to pay for it.

MR. SAUNDERS: So several points on that, your Honor. I understand the question.

First, as a preliminary matter, of course, parody or commentary is not a requirement to find transformative use. I'll just put that out there.

THE COURT: Right.

MR. SAUNDERS: But here, I guess that begs the question, well, what is transformative use?

What is something that is truly transformative under the copyright law?

And I think, again, a major distinction, if I may draw to the court's attention, in Warhol was that the Second Circuit found that the taking of Goldsmith's photographs was very substantial, and most of the entire photograph was actually used in the Warhol series, the print series. And the Court also found that in some instances, what Warhol did, actually, magnified some of the aspects of the Goldsmith's photographs rather than minimizing them.

So what the Second Circuit found is there was really a very substantial taking of virtually the entire copyrighted work of the photographer. I think that is very different here because, you know, what is transformation? Well, the question is, does the new work, the secondary work, add something new with a further purpose, a different character, altering the first with some new expression or meaning.

So the Second Circuit found in Warhol, no. The expression or meaning wasn't different enough for many reasons that they went into, that we don't need to discuss here unless you would like to. But in the present case, you do have this alteration, you do have this new meaning, you do have this new purpose, and you do have a different audience. All of this is

relevant to alteration.

THE COURT: I'm sorry. What was the alteration?

MR. SAUNDERS: I'm so sorry. I didn't hear you.

THE COURT: What was the alteration?

MR. SAUNDERS: Oh, yes. I was about to get to that. Yes.

So the alteration was multifold. First, only 17.5 percent of the song is used. So when you cut -- when you use such a small version -- amount rather -- of the original copyrighted work, I mean, that by definition is an alteration. You're not re-casting, as in Warhol. You're not using substantially the entire work for the secondary work. 17.5 percent, which is not disputed, it is an alteration in and of itself.

But on top of it, your Honor, we have the audio overlay of President Biden's voice on top of that, and then you also have other audio and visual effects in the animation. So you have to look at the animation for what it is. And I would argue that it's clearly transformative under the case law, and that Netflix is particularly instructive here. Because in Netflix, you have a situation where the song that was used in the defendant's film was not obscured. It was used, again, a short portion, like here, but unobscured. Nothing to obscure it.

You know, you could hear the lyrics clearly, and yet

the court found that that secondary use was transformative because the purpose to, again, and the test, is to the reasonable observer, that is the test. The court found that the reasonable observer would understand that this film had no relation whatsoever to the original song. It was a different expression, different meaning, different purpose.

I think the same is true here, your Honor.

THE COURT: But the court found that the song -- and refresh my recollection. What was the length of the portion of the song that was used in terms of seconds?

It was something like five seconds or so?

MR. SAUNDERS: I think it was about eight seconds, roughly, give or take.

THE COURT: Eight seconds. It was maybe a fifth of what the use was here of *Electric Avenue*. It was much, much smaller.

MR. SAUNDERS: Right.

THE COURT: Much, much smaller. And the court found that it was part of commentary, right?

MR. SAUNDERS: That's correct, your Honor. It was found to be commentary. But, again, that's not required under the law to define --

THE COURT: I know, but we are just trying to compare cases.

MR. SAUNDERS: Yes.

THE COURT: So the court there found commentary. Yes, parody. Not commentary, not necessary, but hard to see that it's all that much on point.

If the court looked in Netflix at the fact that the use was commentary on the work that was being used when it is clear that this use in this case was not commentary.

MR. SAUNDERS: Well, I think, two points.

First, in Netflix, the documentary film itself was commentary. I believe it's really unclear -- and I don't think it may be the case -- that the documentary film from the defendants was actually commenting on the song. Eight seconds of the song.

I think the song was used to create a certain -- to create something that was commenting, in general, on burlesque dancers. But certainly the defendant wasn't really commenting in any way on the song. They were using it almost in a silly way, because it was so absurd to have a children's song used in an adult-themed film. That is one point.

The second point, your Honor, is that in this case, OK, so maybe it wasn't commentary, but it was certainly criticism. That animation was critical in raising points to denigrate then candidate President Biden. So I question the distinction between commentary and criticism. I think it's very similar.

THE COURT: But the music which was, as I say, a

catchy tune, platinum, it's not conceivable, is it, that the music was commentary on anything. It was a catchy tune.

I mean, I just don't get that the music could possibly be considered to meet any of the fair use factors. The music was taken. It can't possibly be commentary for satire, the music. Put aside the words. And you correctly point out it's hard to hear the words, because there is other words going on at the same time.

So we have music, catchy dance music, being taken and used. That sounds a lot like the district court cases in California, where music is used for political commercials, and the courts have said not fair use.

MR. SAUNDERS: Well, let me address that if I may, your Honor.

THE COURT: Sure.

MR. SAUNDERS: I guess the plaintiff cited a couple of Central District of California cases for that very proposition. But, again, the facts, I have to say, are very different. For example, in Henley, again, the court found, like the Second Circuit in Warhol, that there the defendant borrowed very heavily from the plaintiff's song. In fact, what the defendant did there, for their campaign video, was that they had actually downloaded a complete version -- not edited, not a segment, not a snippet -- but a complete version of the plaintiff's song. Then they took the soundtrack and used the identical

soundtrack. Then on top of that, they had lyrics that had only minimal changes.

So in that case, the court found, again, it is just too much of a borrowing because you have basically taken the plaintiff's entire song, both the musical composition and the lyrics, so that crossed the line. That crossed the line. But here, again -- so, in that case, it was plausible that one might actually opt to acquire the defendant's work in lieu of the plaintiffs. Factors one and four, is it transformative. Well, in Henley, definitely not. It was too close. It was the entire song and musical composition. Under factor four, well, yeah, someone might say, yeah, I like that second version better. I'm going to buy that one or license that one instead of the original Henley version.

But, again, your Honor, here, it is, I want to say, a virtual impossibility, but it is highly unlikely that anyone would opt to acquire the animation, even if they could, in lieu of or instead of the plaintiff's song. It doesn't jibe. The song is obscure. It's still OK. It is more seconds than was used in some cases. It's a lot less seconds than was used in other cases in which fair use has been found.

But when you analyze that factor objectivity, and even on this motion, just based on the allegations of the complaint, it seems implausible that anyone would opt to purchase -- even, again, as I said, even if they could -- the animation instead

of the plaintiff's work. That's a fundamental factor that goes to the fair use analysis.

THE COURT: By the way, do you know offhand how much the plaintiff charges to license its work?

In other words, had the defendants simply said, hey, that's a good song, catchy tune. We'll simply license it for use in our commercial. Do you know what it would have cost?

It's not on the motion, I mean, because it's not on the face of the complaint. But do you have any idea what it might cost to license the song?

I mean, it's not part of the motion papers. It can't be. It's not in the complaint, so far as I know.

MR. SAUNDERS: That's correct. I don't believe it was in the complaint. The complaint certainly did allege that the defendants was a campaign video. I don't think the plaintiffs made any allegations against what the license would have been, and I cannot answer that question. I don't know either.

THE COURT: OK. Thank you.

MR. SAUNDERS: Again, your Honor, under the well-settled law with respect to determining whether a secondary work is transformative, you look to the specific aspects of the secondary work, and not merely question, you know, why something was used or necessarily, at least under the first factor, whether too much of it was used or not.

But really, when it comes down to it under the uniform

case law, the question really is, does it have a different purpose, a new expression, and a different message. And we believe that a reasonable observer would say, yes, this animation is so different from this song, the song is obviously the musical entertainment and the animation is -- I don't know if you want to call it absurd or comic -- a criticism of a person, of a presidential candidate at the time. So a reasonable observer, I believe, certainly would understand and perceive these differences and expression and purpose and message from that of the original work.

In the Second Circuit's recent affirmance of the Netflix case, there was a memorandum opinion, and the Second Circuit, in affirming, noted that the film did not merely rebroadcast the original work, the plaintiff's performance, but combined it. Again, in that case, with a commentary, which, again, is nothing different than criticism. Commentary, criticism, to me, is somewhat synonymous and certainly comparable. So the same is true here, that the animation in this case certainly did not rebroadcast the plaintiff's work, but combined it with many other elements to give it a different purpose, meaning, and expression.

I wanted to address plaintiff's cited two cases in their supplemental brief for the proposition -- and I'm quoting the brief -- "the unauthorized use of a popular song in a video to promote a political candidate or denigrate a candidate's

opponent is not transformative and is not fair use." That's a statement which I just quoted verbatim from page four of plaintiff's supplemental brief. But there is no such hard-and-fast rule. Absolutely not.

THE COURT: I'm sorry. There is no such?

MR. SAUNDERS: Hard-and-fast rule, as plaintiffs cited two case in support of that proposition, in support of that supposed sweeping rule.

But in one case, another Central District of California case, I believe, Browne v. McCain, in that case, the court didn't even reach the issue, much less make any broad ruling. The court did not conduct a fair use analysis in that case.

And in the second case, the second case they cited, the proposition was Henley, which I just previously discussed, so I won't reiterate the facts there, other than, again, to say that in Henley, there was a large borrowing of the original work.

So the bottom line here, your Honor, on that point is there is no hard-and-fast, sweeping rule about using songs, popular songs, in political videos.

THE COURT: But that --

MR. SAUNDERS: Each case has to be under certain facts.

THE COURT: I'm sorry. But that may then lead to the

conclusion that a motion to dismiss is not the ideal vehicle to determine whether the use was fair use, to the extent that there really is no hard-and-fast rule, that it depends upon a close analysis of the facts of each case. That suggests that it would be on a motion for summary judgment rather than a motion to dismiss.

MR. SAUNDERS: Yes. I wanted to address that too, your Honor.

THE COURT: You were just going to get to that. You were just going to get to that.

MR. SAUNDERS: No. It's actually at the end of my outline. I was saving it for last. But I'd be certainly happy to address it now.

THE COURT: Well, it is sort of the end of your argument, so by all means.

MR. SAUNDERS: I thought I was finished with this. Maybe I still will.

A couple of points here, your Honor. First is, the courts in this circuit, and particularly the Southern District, have on many occasions actually decided the issue of fair use under copyright law on the pleadings, whether a motion to dismiss or judgment on the pleadings. I mean, that is just a fact. They have.

And in this particular case, as a practical matter, let's say, OK, we'll have some discovery. What practically can

the plaintiff discover that may aid the court in weighing the four factors and making the fair use determination first on factor one. I mean, what discovery would elucidate anything about the legal determination of whether the defendants' work was transformative or not. I raise that question as a serious question because I really don't know.

Similarly, what discovery could the plaintiff take to elucidate whether the markets for the plaintiffs and the defendants for the song and the animation are distinct or overlap? My point is that I think, similar to Netflix and other cases, you reach a point where the court is comfortable saying, I can pair these two works and I can make this determination based on the four corners of the complaint and a comparison of the works. I don't need anything else.

What else would I need to determine transformative use, to determine certainly, in factor three, the amount of use. I mean, what discovery can you take there? You could have used more. You could have used less. And on the market impact of what discovery could they take, as a factual matter, unlike in all these other cases, including Netflix, in Netflix, don't forget the defendant's film was for sale. You could buy it, you could rent it, and you could stream it. You paid the money. It was a commercial use.

Here, we don't even have that. If anything, the facts are more extreme and sway further in defendants' direction here

because the animation was not a commercial use. It was, as far as anyone knows, it was not for sale. It was posted -- and that's why I began with this, your Honor -- it was posted on Twitter once, taken down, and never seen again.

So what my question is, as a really practical one, what discovery could the plaintiffs take to the aid the court in further making a determination on those three fair use factors?

I really don't know.

THE COURT: Well, discovery shouldn't take very long in this case, but some inquiries might be the video that surrounded the song and the lyrics, where did that video come from?

Was that from a third party?

If so, was that paid for or not?

Is the song and the lyrics, the performance, licensed to other people?

If so, for how much?

What reasonable basis is there to believe that the use of the song in this case impacted the market for licensing the song for other uses, including other campaign uses?

Has the song been licensed?

It's been out there for a long time. Has it been licensed? If so, for how much?

What efforts were made by the producer of the video to

get other music?

Why was this music chosen?

What was the knowledge of the person who took the music?

Those are some of the questions that might be answered in the course of discovery. And, who knows, as I pointed out at the outset, maybe there are other defenses other than fair use which may be developed in the course of discovery.

MR. SAUNDERS: Well, I certainly hear the court. But I would say -- and I understand -- but, again, under the fourth factor, let's say the plaintiff did, in fact, license his song to others for some type of commercial use. Let's say we found out how much it cost to pay a royalty to a third party to use that song. Even if we find that out, your Honor, I suggest and believe that, under the fourth factor -- again, and I think this is very clear from the Second Circuit -- that damage alone to the market does not suffice under the fair use analysis. There really must be usurping the market. As if someone is saying, I'm going to purchase the defendants' instead of the plaintiff's. I like it better and, clearly, it is a subsequent.

Here, all I'm saying, your Honor, under any scenario, no matter what the royalty might have been, no matter how many times the song was licensed, to whom or for what purpose, I still think that under the facts of this case, based on the

allegations in the complaint, that this animation cannot -- as a matter of law, common sense, and plausibility -- cannot usurp the market of the plaintiff's original song.

That's my argument.

THE COURT: Thank you.

MR. SAUNDERS: Thank you, your Honor.

THE COURT: Thank you.

Let me listen to the plaintiff.

MR. CAPLAN: Your Honor, may I give my presentation sitting here with this mic?

THE COURT: Yes. I was just told that we don't have a dial-in for the public. This is a public court proceeding. Anyone can be here. Anyone is welcome to be in the court. I assume that we didn't list a dial-in number precisely because this is a public court proceeding. Anyone could walk into the courtroom and listen.

MR. SAUNDERS: There was a dial-in number, your Honor.

THE COURT: There was?

MR. SAUNDERS: Yes. There was in your order, your Honor. There was a dial-in, yes. I don't know if it's not working.

THE COURT: For some reason, it is not working.

MR. CAPLAN: Here is a copy of the order, I believe.

MR. SAUNDERS: There is a public dial-in option in your summary order, in the minute entry.

THE COURT: Well, we try. We try.

(Pause)

All right. I understand that the telephone dial-in has now been connected. The conference has been going on in open court. There was a delay in setting up the telephone court conference, but the conference has been proceeding in open court. We have been keeping a transcript. The transcript is available from the court reporter.

I have listened to argument from defense counsel in support of the motion to dismiss, and now I'll turn to plaintiff's counsel for a response.

MR. CAPLAN: Thank you, your Honor.

It is respectfully submitted that each of the four fair use factors, when applied to the facts alleged in the complaint, favor the plaintiffs.

Turning to the first fair use factor analysis, the purpose and character of the use. Defendants argue that the anti-Biden video is transformative as a matter of law. That is simply not the case.

The anti-Biden video is not a documentary. It is not a commentary on plaintiffs' original work. The video is not a parody. It is simply a political advertisement. We submit that the video is a commercial and is not transformative as a matter of law. Defendants arbitrarily picked *Electric Avenue* to synchronize to the animation in the anti-Biden video, which

means it is not commentary, criticism, or a parody.

As defendants readily admit at page eight of their opening brief, the video is not related to the original song or the message of the video in any capacity. Under defendants' theory of fair use, any politicians can use any recording in any political advertisement without a license from the original copyright owners of the sound recording or the underlying composition and body such recording without compensation to such copyright owners. That is simply not the law.

THE COURT: Hold on. Doesn't the song and the lyrics come over in a different way when it is transposed with the additional verbiage and the additional video in the same that way that some of the art in Cariou comes over in a different way, even though the art, the Cariou art, is still being used? Admittedly the Court of Appeals has told us Cariou was a high point in transformative use, but it surely wasn't commentary on Cariou's work.

Do you follow?

MR. CAPLAN: I think, your Honor, that visual art and a modification of a piece of visual art is different from taking a musical composition and throwing it into a video that has nothing to do with the subject matter of the original work.

So I would say that this case is more akin to TCA Television Corp. v. McCollum, where -- and I think that case is instructive -- and in this case, the defendant incorporated

portions of the famous comedy routine, *Who's On First*, in an unrelated play. And in rejecting the fair use defense, the Second Circuit noted, "Even if the play's purpose in character were completely different from the Brazilian humor originally animating *Who's On First*, that by itself does not determine that defendants' use of the routine in the play was transformative of the original work."

I would suggest that if you can take any song out there out of the million songs that preexist today and plop it into a video for an anti-political message against a particular candidate, and there is no relationship between the particular song and the video usage, that that's not transformative. And if it was transformative, it would be opening up the floodgates to the usurpation of people's creative energies in the music industry and would be totally unfair.

THE COURT: Could I ask you the same question I asked your colleague before, which is, I realize that it goes beyond the papers and beyond a motion to dismiss, but you argue that a motion to dismiss is inappropriate because there should be a factual record in order to be able to determine fair use.

One of the factors is, in effect, on the market. And I realize it is not part of the papers, but do you know, is this song licensed? And if so, do you know what the licensing fee is to be able to use this in an ad, for example?

MR. CAPLAN: So there are two types of licenses

involved in the case. One is with respect to the sound recording and one is with respect to the underlying composition.

My recollection, from months and months ago and I heard something about this, and I don't want to be quoted on it, but my recollection was that in a high point, some six-digit number was the licensing fee for each component part, for the sound recording and for the composition. There might have been lower ones as well, and there is a history of licensing, and during discovery, that would all come out.

I would also -- since we're talking about the effect on the market, I would suggest that if you go onto YouTube right now, the video is still there. Even though the -- and this is outside the pleadings, obviously, but we obviously have ventured a bit outside the pleadings in some of these discussions. Who knows, without experts, etc., what the impact on the market for the song is when having a video that has the song in it is readily available to be.

THE COURT: Public.

MR. CAPLAN: Yes, to be watched.

Since nowadays people aren't purchasing music but they are using it through Spotify, etc., then somebody who watches it on YouTube might not purchase a song through Spotify because they have streamed it on the video. So there is many open questions dealing with the effect on the marketplace which, in

my mind, are totally inappropriate for a motion to dismiss.

But that's separate and apart from the question of transformative in nature, and I don't believe that under Cariou or any case that I've seen, there is a strong argument that the work is transformative simply because you plop it and put it into a new animation that has nothing to do with the song. We're not talking about a song like *I've Been Working on the Railroad*. We're talking about *Electric Avenue* here. So maybe if Mr. Biden was, you know, doing something different in the video and it was *I've Been Working on the Railroad*, there would be a different argument. But that is not what happened here. It was an arbitrary and capricious decision to throw in *Electric Avenue*, and it has nothing to do with the animation or the subject matter.

I think both the Jackson Browne case and the Henley case are instructive, and those cases involve political advertising. And in the Browne case, as the court knows from our briefs and I'm sure having read the case, *Running On Empty* was used without permission by the Republican National Committee. And the court noted that it wouldn't entertain, even entertain the defendants' claim for fair use until after the parties had a full opportunity to conduct discovery.

And in a later opinion in the same case, the court went beyond that and said that *Running On Empty*, as used in the ad at issue, was not transformative. And we would suggest that

the same rationale from the Jackson Browne case applies to the case at bar.

In the Henley case -- and I'm going to try to do this quickly, your Honor, because you have given us a lot of time -- but there was, again, two songs by Don Henley of The Eagles, and the court held that the uses were not transformative. I don't see a distinction factually between the Henley and Browne cases because they didn't turn on the amount of taking. They turned on plopping a song into a video that was an anti-campaign video against a particular candidate, and they basically both assessed it to be the equivalent of an advertisement.

And in the Henley case, they found that there was harm to Henley's licensing market. We would suggest that the same analysis should apply here.

THE COURT: But in Henley, the ad included a pitch for political contributions, didn't it?

MR. CAPLAN: It did. There is no doubt about that. I don't think that was determinative of the court's decision.

I read it over a couple of times because I knew the court was going to ask that question. I think that when you're doing a political ad in favor of a particular candidate, making a contribution goes hand in hand in the popularity of that candidate, so that I don't have to be asking for a contribution in the ad for it to still be commercial in nature.

It is respectfully submitted that the defendants can't overcome the Second Circuit's recent decision in the Warhol II case. Their principal argument is that the animation as something new to the plaintiffs' composition with a new aesthetic, a new expression, or different character and, there, by definition, it is transformative.

However, the Second Circuit in Warhol specifically found that many derivative works that add something knew to the source would not qualify as fair use. And they specifically, in quotes, said it does not follow that any secondary work that as a new aesthetic or new expression to its source material is necessarily transformative.

I think that language is, if you juxtapose that against Cariou, you would think it has eroded Cariou to some level.

THE COURT: Well, it certainly attempted to throw some cold water on Cariou. It went out of its way to emphasize that Cariou was a high watermark and has been criticized in other places. But the court was "bound" by Cariou and it certainly wasn't a full-throated endorsement of Cariou.

MR. CAPLAN: The defendants suggested that the video was a satire, not a parody. However, the Supreme Court in Campbell v. Acuff-Rose has explained that if the work is a satire and not a parody, the secondary user must demonstrate a justification for the use. Defendants have not and cannot

demonstrate such a justification. It is also premature on a motion to dismiss.

OK. In conjunction with the first fair use factor, defendants have cited and relied upon a number of cases which are factually distinguishable from the case at bar. I'll briefly talk about those four cases.

Netflix, where eight seconds of a copyrighted song was used in a documentary film about a burlesque performer and was deemed a fair use. It was a documentary film. We're not talking about a documentary film here. And the eight-second use in the routine of the burlesque performer happened also to be a parody. So there is two significant factual distinctions. One is it was a documentary with critique/criticism or social comment, and two, it was arguably a parody that was actually being filmed. Although I think that is less important than the fact that it was a documentary.

THE COURT: I didn't think the court relied on parody.

MR. CAPLAN: That's why I'm saying it was significantly less important.

With respect to the Estate of Smith, where 35 seconds of a spoken word recording was used in a hip hop album and deemed fair use. There, the court specifically determined that the new work sent a counter message relating to the original work. OK. So I think that is factually distinguishable, and this was a summary judgment decision after discovery.

In the John Lennon v. Premise Media case, the 15-second clip of John Lennon's *Imagine* in a movie for purposes of criticism and commentary was deemed transformative. That movie, that film at issue in that movie, was a documentary about religion in universities. And the context of the using *Imagine* related to a social critique in commentary, something we don't have here.

The Nader case also relied upon defendants was in a case involving a parody of a previous existing line of commercials for a Mastercard where the catch phrase "priceless" was used. No music was involved in that case. And I would suggest it was a weak copyright claim in the first instance because we are talking about simply the string of commercials using "priceless" as its tagline. And I think that case is significantly factually different from the case that we have here.

Quickly turning to the second fair use factor for a moment, the nature of the copyrighted work. The composition and sound recording at issue are clearly creative expressions entitled to broad protection consistent with the core protective purposes of the copyright act. Defendants have skimmed over this issue and presented no authority to the contrary.

Regarding the third fair use factor, the amount and substantiality of the portion used. Defendants have offered no

explanation or justification for choosing plaintiffs' song to serve as a soundtrack for the anti-Biden video that they admit is unrelated to the original. The video is 55 seconds long. 40 seconds of *Electric Avenue* was incorporated into the video, including the hook. The hook, what you walk away from singing to yourself after you watch the video. The song is immediately recognizable in the video by anybody who knows *Electric Avenue*.

OK. I suggest it is plausible that somebody would go and listen to the song by just listening to the video. Because they might laugh at the same time by seeing the video, but they would hear the song and that could detract from their purchasing the song.

The fact that only 17 percent of the song was used, in our opinion, is irrelevant because if you do a qualitative analysis and a quantitative analysis, *Electric Avenue* serves as a substantial component of the anti-Biden video.

With respect to the fourth fair use factor, I think it is clear that, at this juncture, there would only be, at best, guesswork by the defendants to suggest that there has been no harm to the market. In Warhol II, it is important that the court accepted the lower court's conclusion after discovery that the parties' respective work occupied the state markets, at least as far as direct sales are concerned, but nonetheless, found the fourth factor waived in the copyright owners favor.

First, it recognized that burden of establishing a

harm --

THE COURT: I'm familiar with Warhol I and Warhol II.

MR. CAPLAN: OK. I won't go on further with that then, your Honor.

Defendants here have come forward with no evidence whatsoever with regard to market harm other than speculation and conjecture by attorneys. OK. There is no experts. And I would say that it's premature to make a ruling against the plaintiff with respect to market harm.

We believe, consistent with the findings of the court in the Don Henley case, that the use of plaintiffs' copyrighted songs in the anti-Biden video have caused recognizable and cognizable harm to the plaintiffs' licensing market.

For all of the foregoing reasons, we respectfully submit that defendants' motion to dismiss should be denied. And we also would like to suggest to the court that under the undisputed facts of this case, we believe the court could find that the work, the defendants' work, the Biden video, is not transformative as a matter of law, and the court could determine that the defendants' use of *Electric Avenue* is not a fair use as a matter of law.

Thank you for your time.

THE COURT: That's not the relief that you seek in your papers.

MR. CAPLAN: No. We have simply opposed the motion in

our papers. Yes, your Honor.

THE COURT: Right, so...

MR. CAPLAN: But I believe the court has inherent authority to make such a decision. If I'm wrong, then you don't have to.

Thank you for hearing me out.

THE COURT: OK. Thank you.

I'll take the papers under submission. Thank you all. I appreciated your papers. I appreciated the subsequent briefing, and I appreciated the arguments.

Thank you all. Thank you for coming in and arguing under these difficult conditions with masks. It's not easy to talk. It's not easy to hear with all of the masks.

So thank you all.

MR. CAPLAN: I want to say thank you, your Honor, for having us in. I'm pleased to be back in court after 20 months.

THE COURT: Even under strange circumstances.

MR. CAPLAN: Yes, indeed. Even under these circumstances, it's great to be back.

THE COURT: Thank you all.

MR. CAPLAN: Thank you, your Honor.

MR. SAUNDERS: Thank you, your Honor.

(Adjourned)